Bancatakaful

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IFSB Observer Member

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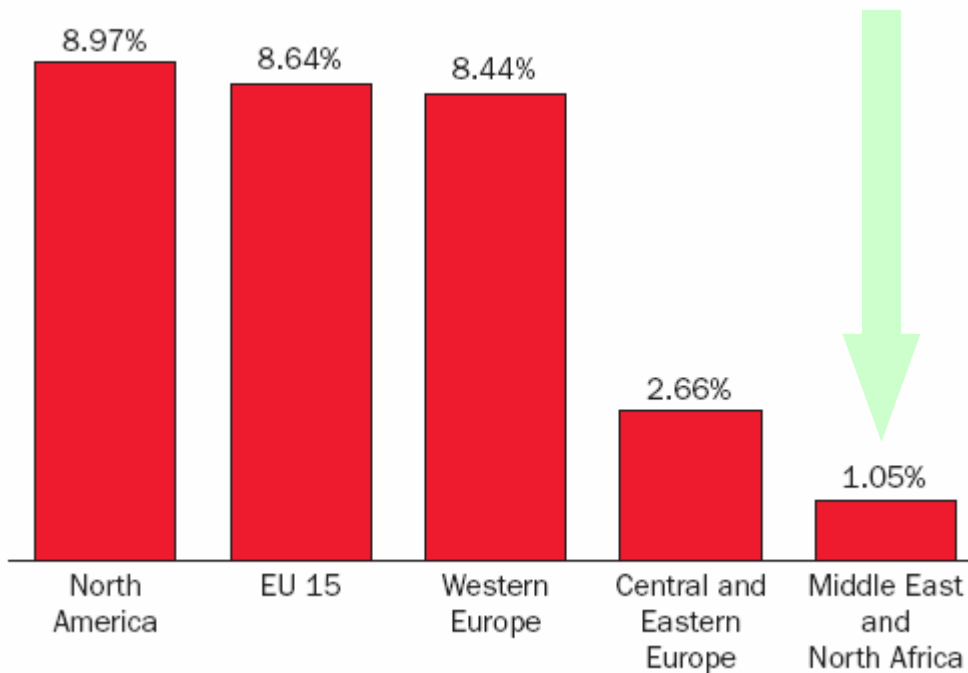
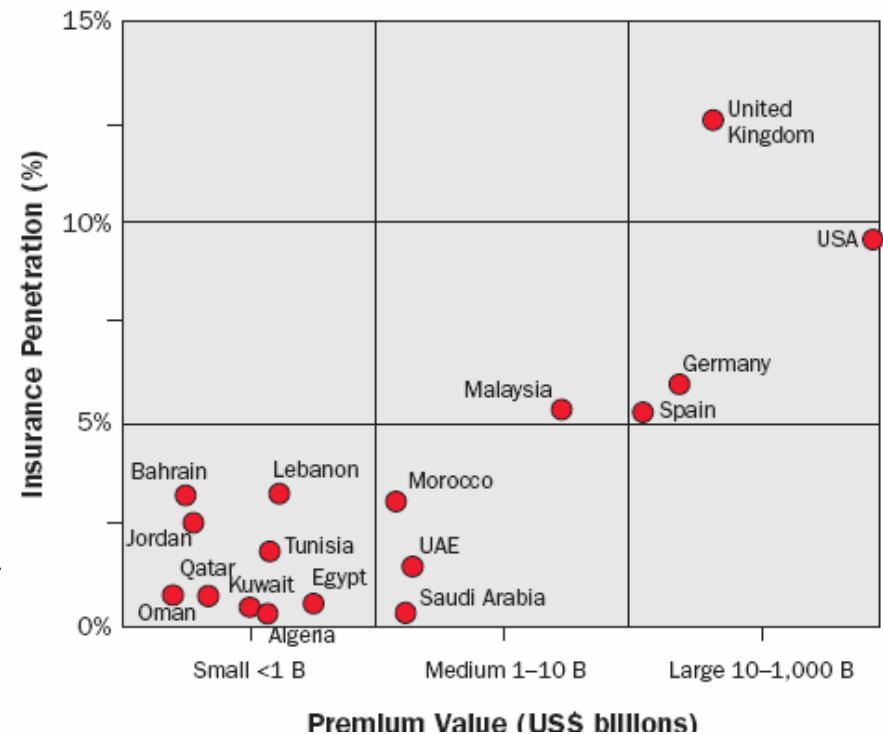
Evolution of the GCC Insurance sector

Insurance penetration = GPI (Gross Premium Income / GDP

Measure of the development of the GCC insurance sector

Gross Premium Income as a Percentage of GDP (2005)

Region	% of GDP
North America	8.97%
EU 15	8.64%
Western Europe	8.44%
Central and Eastern Europe	2.66%
Middle East and North Africa	1.05%

Insurance Penetration by Country (2005)

Insurance Penetration (%)

15%
10%
5%
0%

United Kingdom
USA
Germany
Spain
Malaysia
Bahrain
Lebanon
Morocco
Jordan
Tunisia
UAE
Qatar
Kuwait
Egypt
Saudi Arabia
Oman
Algeria

Small <1 B
Medium 1–10 B
Large 10–1,000 B

Premium Value (US$ billions)

***Source*: BoozAllenHamilton – May 2007 –“Promoting the Growth and Competitiveness of the Insurance Sector in the Arab World“**

Insurance *supply-and-demand* perspective in the GCC

Factors contributing to the market potential future growth

- Macro Economic Growth in energy rich countries and large infrastructure investments
- Emergence of compulsory insurance (such as automobile and health)
- Restructuring and privatisation of government pensions and programs (education, pensions)
- Growth of the financial sector and the islamic banking
- Demographics of the region: as the population matures, the insurance demand will increase
- Emergence of Takaful as an alternative to conventional products
- Fragmented supply base with a large number of small competitors , no presence of foreign banks
- Nascent Intermediary distribution channels

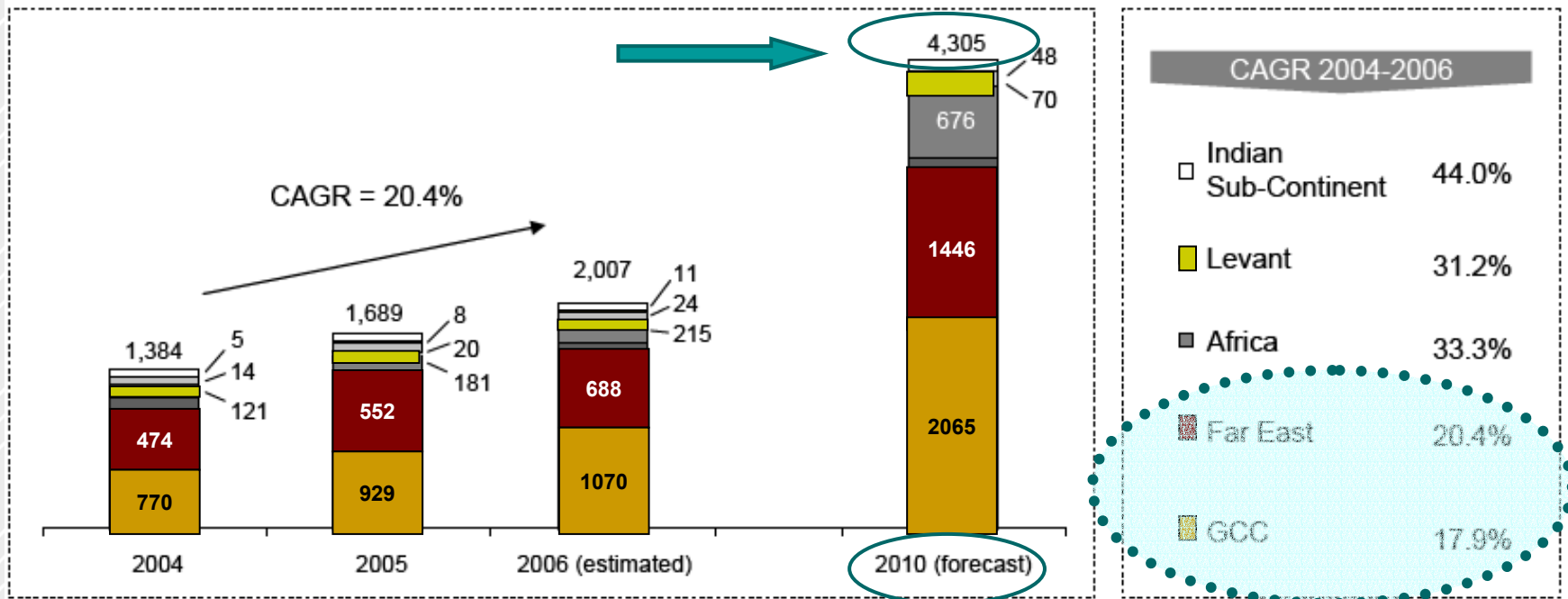
Source: BoozAllenHamilton – May 2007 –“Promoting the Growth and Competitiveness of the Insurance Sector in the Arab World“ and CIA map

World Takaful Growth

The global Takaful industry is growing by 20% per annum and accepted contributions worth USD 2 billion in 2006

Global Gross Takaful Contributions by Year (US$ mn)*

Region	2004	2005	2006 (estimated)	2010 (forecast)	CAGR 2004-2006
Indian Sub-Continent	5	8	11	48	44.0%
Levant	14	20	24	70	31.2%
Africa	121	181	215	676	33.3%
Far East	474	552	688	1446	20.4%
GCC	770	929	1070	2065	17.9%
Total	1,384	1,689	2,007	4,305	CAGR = 20.4%

Iran - Gross Takaful Contributions by Year (US$ mn)

2004	2005	2006 (estimated)	2010 (forecast)	CAGR 2004-2006
2,164	2,750	3,685	10,687	30.5%

* Note: Iran's financial services sector, which is entirely Islamic, has been shown separately from the global analysis because of its size. The forecast for 2010 assumes growth at the individual regions' respective CAGR for 2004-2006.

Source: Takaful Re Limited and Middle East Insurance Review (2008), Ernst & Young Analysis

Source: Ernst & Young World Takaful Report 2008

Takaful operators worldwide

A total of 133 Takaful operators existed in 2006, with the GCC accounting for the largest regional concentration in the world…

Total Operators (2006)
133

Levant: 4 Takaful operators

Indian sub-continent - 9 Takaful operators; however, none yet exist in India.

Other regions - 2 operators.

Far East - 22 Takaful operators.

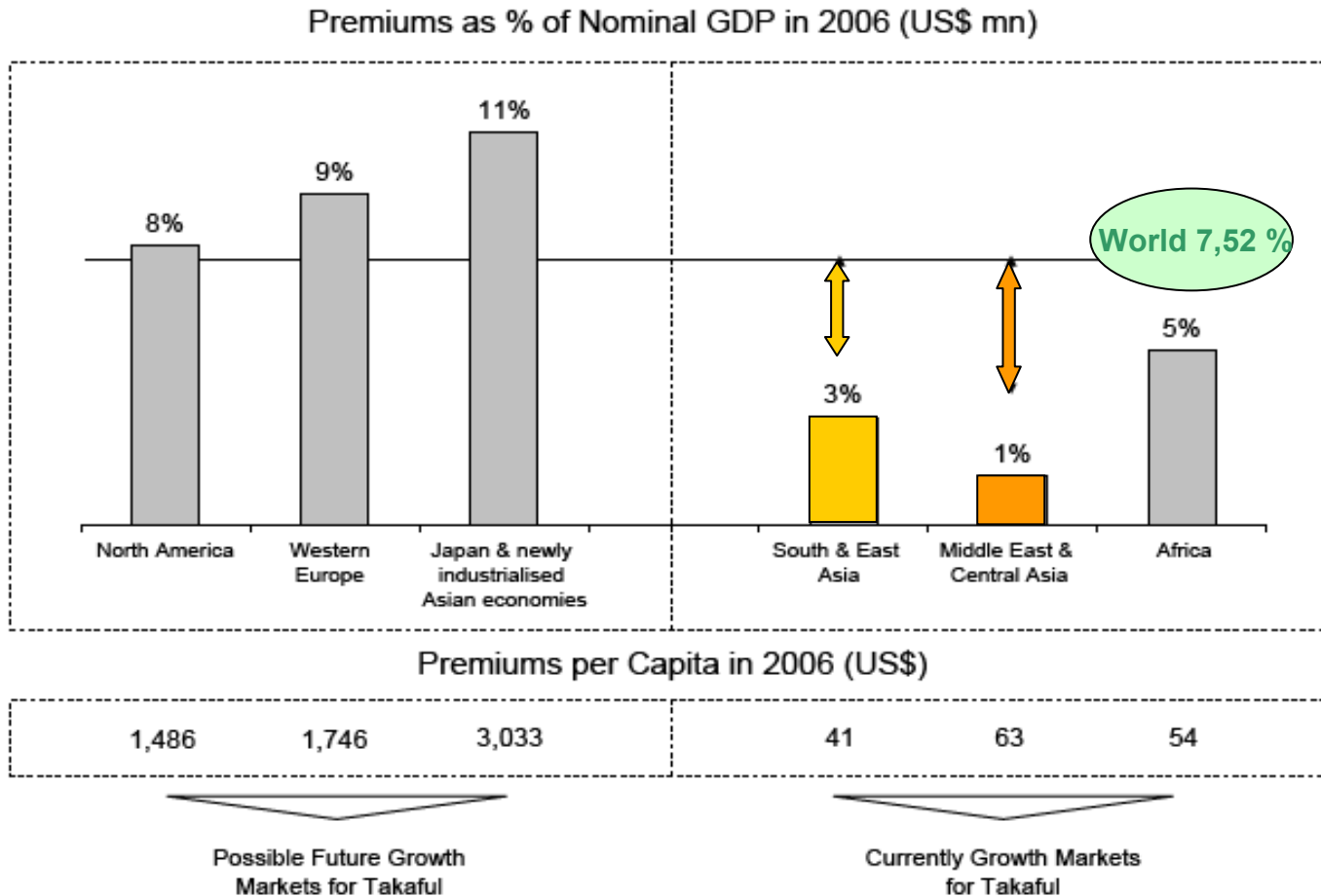
Africa - 21 Takaful operators, the majority of which are found in Sudan.

GCC: 59 Takaful operators, majority of which in KSA

Iran - 17 Takaful operators.

Source: Ernst & Young World Takaful Report 2008

World Takaful Market Potential

Muslim-majority regions (most OIC countries) display an underdeveloped insurance sector…

Possible Future Growth Markets for Takaful

Currently Growth Markets for Takaful

Source: Ernst & Young World Takaful Report 2008

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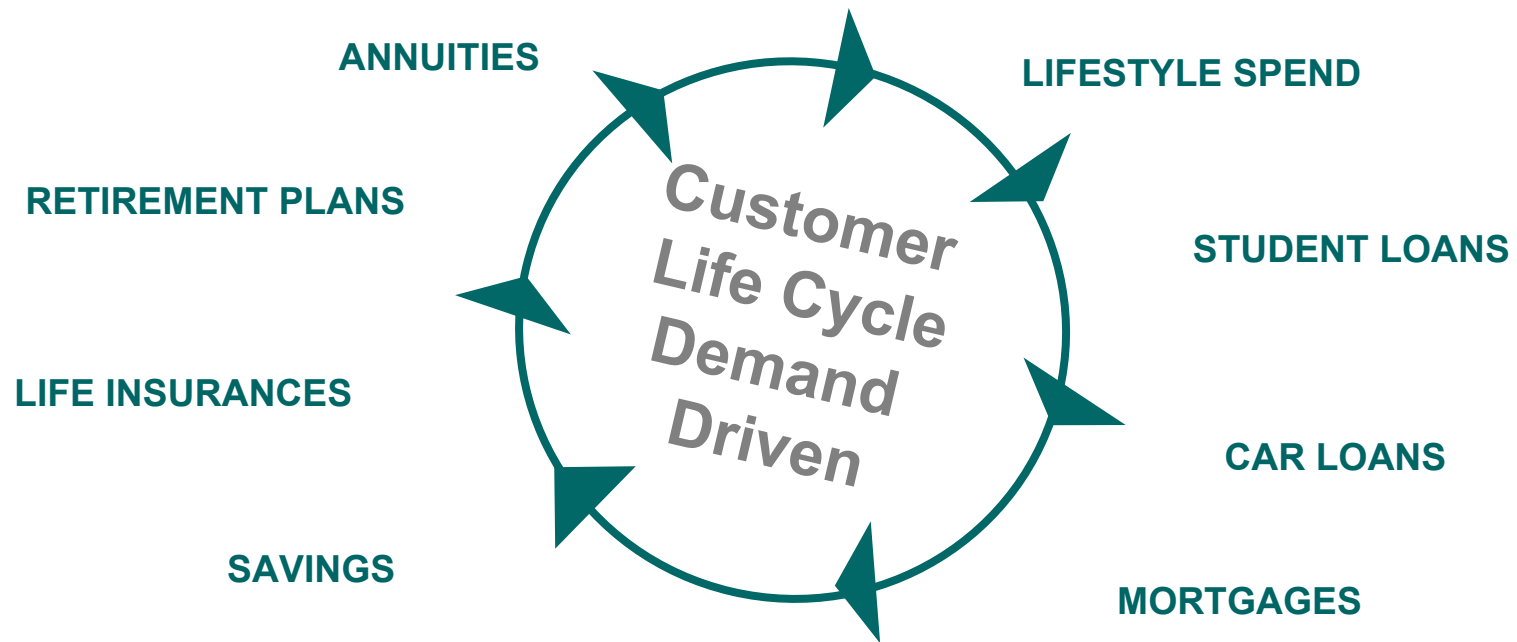
FWU´s definition of Bancatakaful

« Bancatakaful is defined as the delivery and distribution of a suitable range of tailored '<u>bankable'</u> protection and long term savings and pension products designed to meet the lifecycle needs of the customer base of a bank or other financial institution.»

ANNUITIES

LIFESTYLE SPEND

RETIREMENT PLANS

STUDENT LOANS

Customer Life Cycle Demand Driven

LIFE INSURANCES

CAR LOANS

SAVINGS

MORTGAGES

FWU's competitive advantage

1. Leader in Product Design & Development

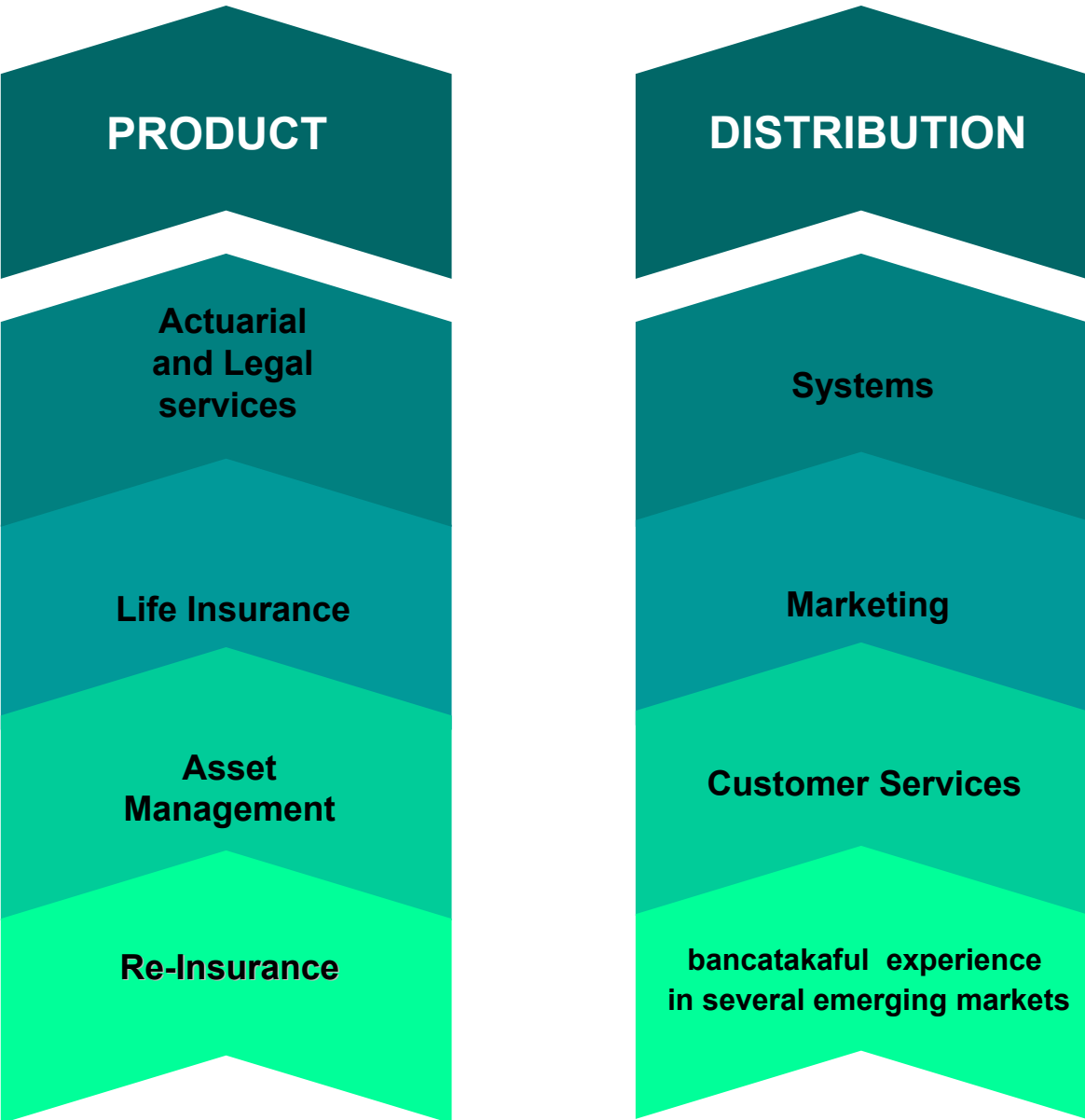
2. Development of IT Systems to support our delivery of products and services

3. Open architecture and Quant fund selection and allocation model

4. Customer training and implementation support

5. Competitive Re-takaful solution

FWU: Pioneer in bancatakaful

PRODUCT	DISTRIBUTION
Actuarial and Legal services	Systems
Life Insurance	Marketing
Asset Management	Customer Services
Re-Insurance	bancatakaful experience in several emerging markets

International product and bank distribution partners

PRODUCT PARTNERS

MIDDLE EAST

Al-Safat Kuwait

Al-Ahli Takaful Company KSA

Pak Qatar Pakistan

Aman UAE

FAR EAST

Takaful Ikhlas Malaysia

FWU Headquarters
Munich, Germany

FWU Luxembourg

FWU Dubai
GCC Regional Service Hub

FWU Jeddah

FWU Karachi

FWU Kuala Lumpur
Far East Regional Service Hub

BANKS

MIDDLE EAST

ABN-AMRO Dubai

Dubai Islamic Bank

National Bank of Dubai

National Commercial Bank KSA

Abu Dhabi Commercial Bank

Nexus (IFA) Dubai

FAR EAST

AmBank/ AmIslamic Malaysia

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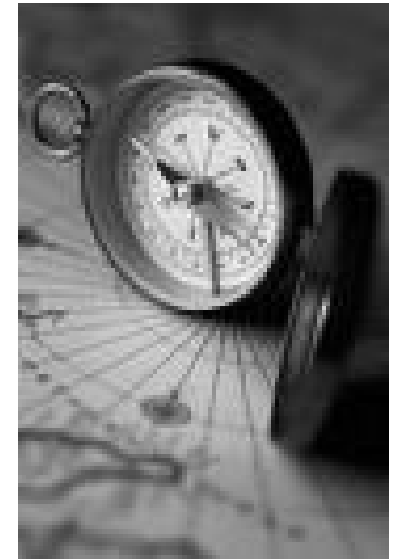
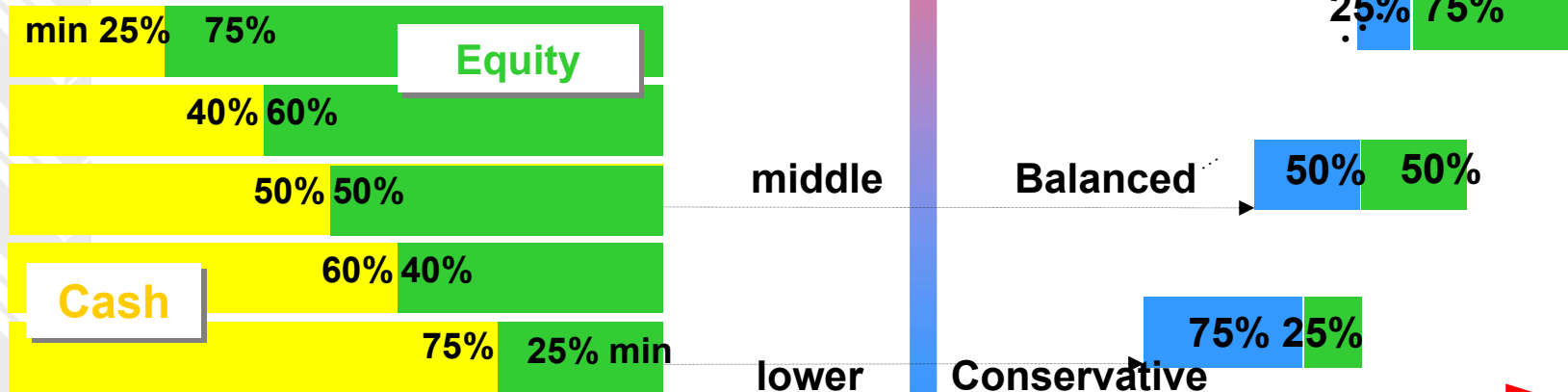
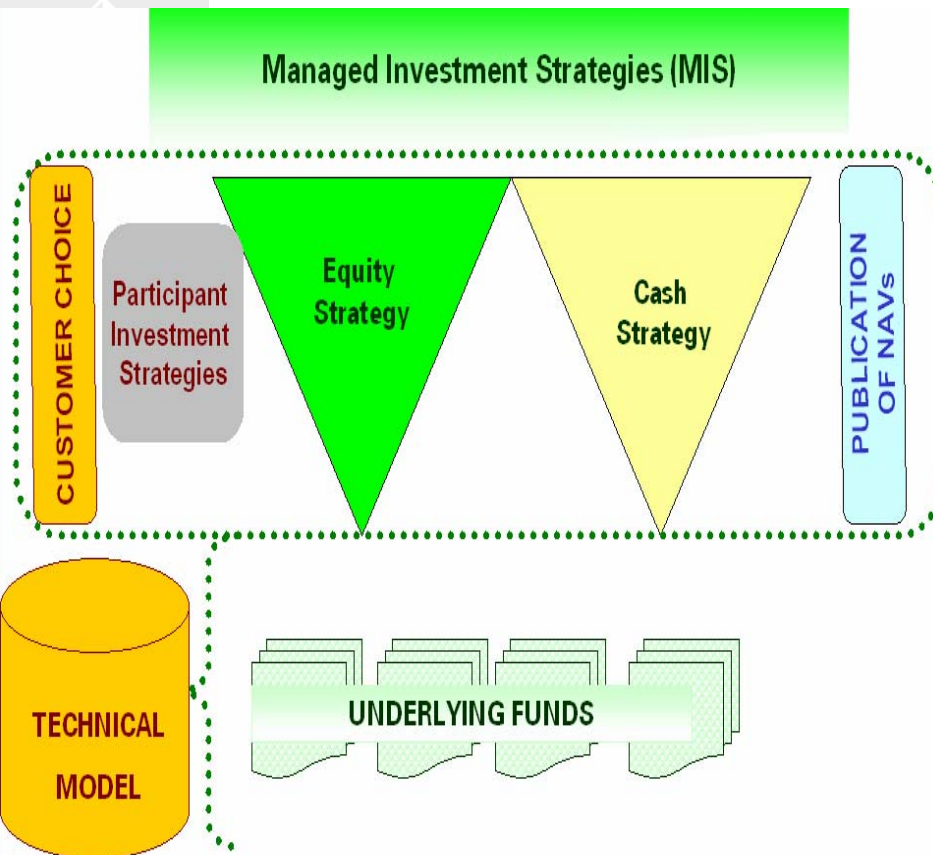

FWU Group's "White Label" Savings, Education and Retirement Plans – Product Highlights

	REGULAR	LUMP SUM
Min/Max entry age	Min. 18 – Max. 60 years	Min. 18 – Max. 50 years
Product Tenure	Min. 7– Max. age not to exceed 70 at maturity	
Frequency of Contributions	Monthly, Quarterly, Half-Yearly or Yearly	Single
Contribution Method	Payments collected on 1st of due month	Payment collected as stated in Contract
Appointment of Beneficiaries	Maximum up to 4 beneficiaries at any time can be appointed	
Takaful Benefits	Applicant can choose 60% or 100% of Total Contr.	Not higher than initial Lump Sum Contr

Allocation of investment

Option 1: 100% Equity:

Option 2: Cash & Equity:

Cash: minimum 25%, maximum 75%
Equity: minimum 25%, maximum 75%

Dynamic Fund Select & Allocation Model (SAM)

- A Quantitative approach using a proprietary model
- SAM (Selection and Allocation Model), relies on quant methodology and uses MATLAB ® technology-
- Monthly rebalancing of the Investment Strategies
- Fund selection and weights are reviewed monthly
- Investments in Sharia Compliant open ended unit trust and individual securities

Sample Shariah Compliant Funds Universe Managers

Process innovation and customer convenience

FWU Internet-based Life Office System

White labelled savings plans

POS Web-based system

Faster Easier sales process

Customer Convenience

Training and dedicated local Implemenation support

Customised to the needs of the Distribution bank

Ready to start solution

Accessible worldwide 24/7

On-line direct risk assessment

Monitoring of multiple bank branches

Only id-card needed

No medical visit

Total sales process 12-18 min

Learner's mode and Training

Real time application feedbacks

Bank Income Simulation

Assumptions

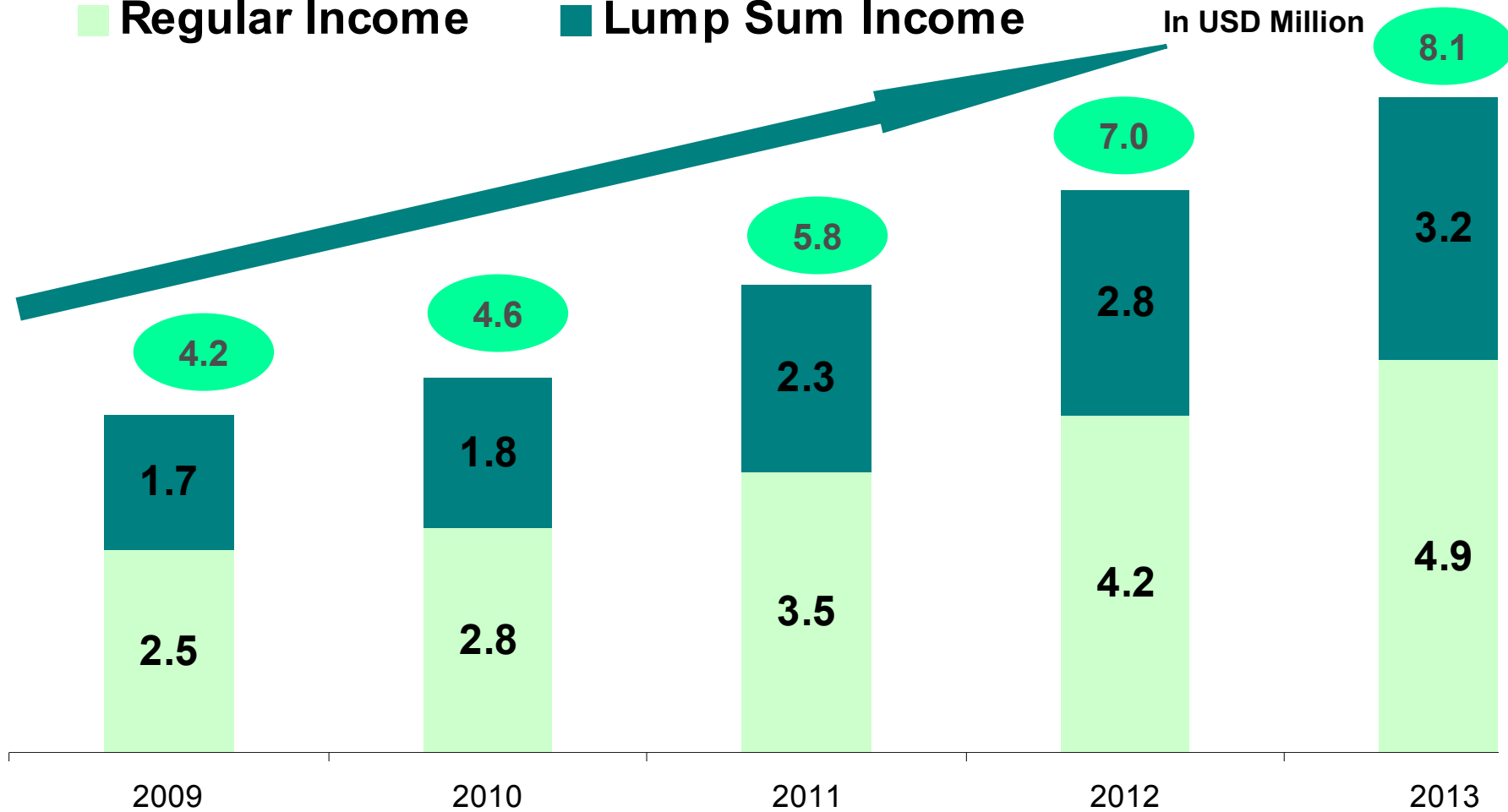
Average duration	10 years
Lapsation rate	15 % (**)
Fund growth rate	7% p.a.

	Regular	Lump sum
Average contribution	400 USD/Month	50,000 USD
Income/plan/year	1,854 USD	3,694 USD
5 Year Volume (*)	9,600	3,200

(*) Total number of plans sold in 5 years (**) 15% year 1 declining to 4% from year 4

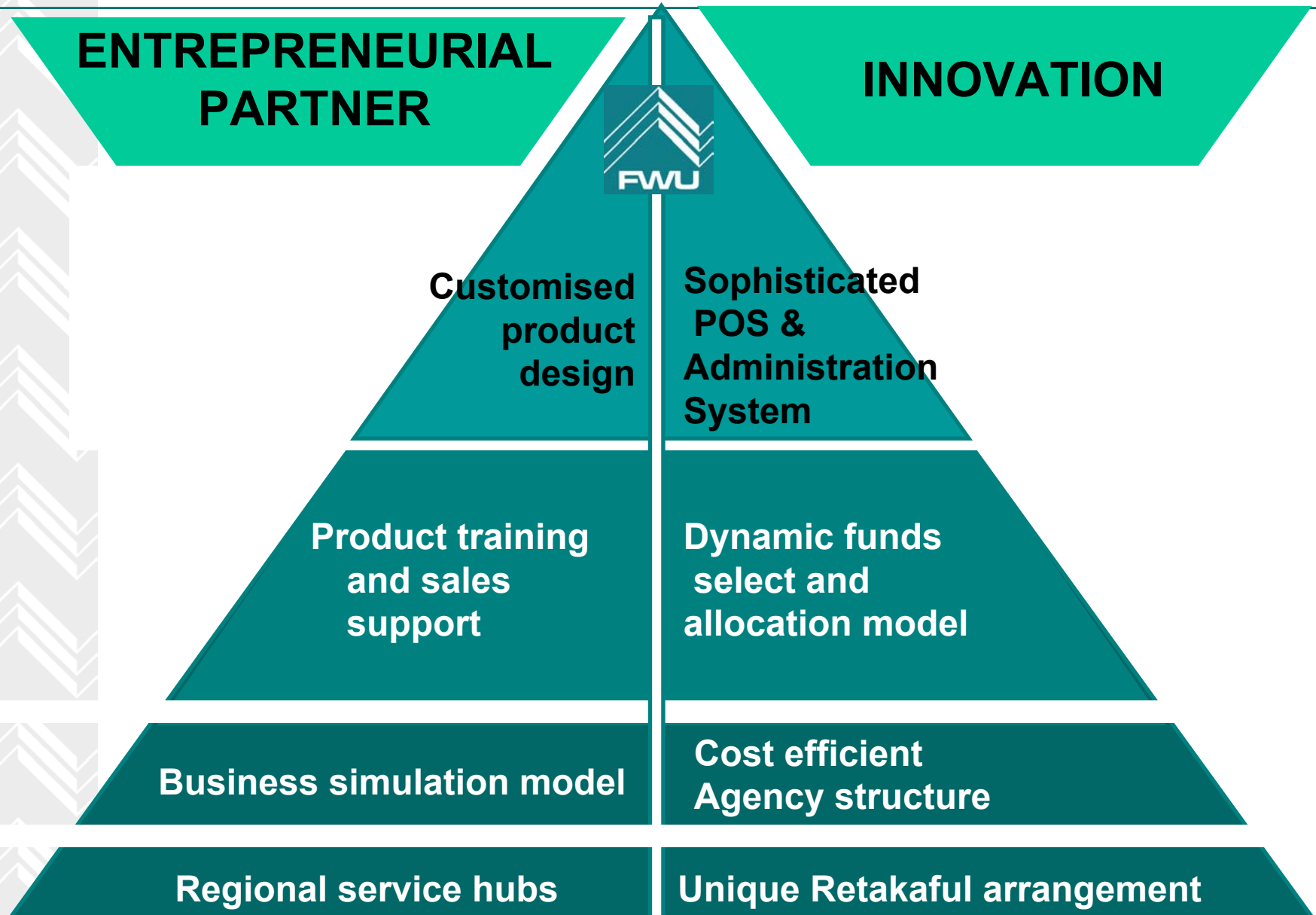
Bank Income Simulation

Regular Income | Lump Sum Income | In USD Million

Year	Regular Income	Lump Sum Income	Total
2009	2.5	1.7	4.2
2010	2.8	1.8	4.6
2011	3.5	2.3	5.8
2012	4.2	2.8	7.0
2013	4.9	3.2	8.1

Value added for Bank Distribution Partner and Individual Customer

BANK DISTRIBUTION PARTNER	INDIVIDUAL CUSTOMER
Enhance retail product offering with own brand	Lifecycle Savings & protection plans
Low cost market entry	Transparent terms and conditions and charging structure
Increase fee annuity revenues	Enhance returns through Dynamic Fund Allocation Model
Expand and retain individual customer relationships	Plan accumulates collateral value
Rapid sales process	Payment and Investment flexibility
Optimise synergy between bank customer and product groups	Choice of beneficiaries

The value added – why FWU Group

ENTREPRENEURIAL PARTNER	INNOVATION
Customised product design	Sophisticated POS & Administration System
Product training and sales support	Dynamic funds select and allocation model
Business simulation model	Cost efficient Agency structure
Regional service hubs	Unique Retakaful arrangement

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1. Global overview of the Takaful Industry
2. FWU's International business model
3. FWU's Value Added
4. Annex

FWU's global presence

The **FWU-Group** is an international provider of white labelled unit-linked investments of both conventional and **takaful** variety involving a high degree of customization, product and process innovation and use of state of the art technology

New targets market include: Morocco, Egypt, Turkey

FWU International Advisory and Sharia Boards

FWU's International Advisory Board

- **Abdulhadi Al-Shaif**, Chairman (Ex-NCB CEO)
- **Dr. Mohamed Daud Bakar**, President, International Institute of Islamic Finance Education, Malaysia. Dr. Mohamed is also Chairman of the Syariah Advisory Council of Bank Negara Malaysia.
- **Abdulaziz Al-Mansour**, CEO Al Safat Takaful, Kuwait
- **Abdulkader Thomas**, CEO Shape Financial Corporation, Kuwait
- **Ayman Khaleq**, Partner, Vinson & Elkins, Dubai
- **Professor Dr. Volker Nienhaus**, President, University of Marburg, Germany and adviser to IFSB.

FWU's Sharia Board Members

Since the year 2000, FWU AG has its own Sharia Advisory Board with the following members:-

- **Sheikh Dr. Mohamed Ali Elgari** (Professor at King Abdul Aziz University)
- **Sheikh Dr. Nazih Hammad** (Member of the Islamic Fiqh Academy, Professor at Mecca University)
- **Sheikh Dr. Abdul Sattar Abu Ghuddah** (Professor at Mecca University)

Together with our Sharia Board, we developed all our Takaful products as well as a Retakaful solution.

Takaful Industry Awards won by FWU in 2007

Euromoney

„Best Life Takaful Provider“ in 2007

World Finance

Winner for „Takaful Life & General“ in 2007

Globexa Communications

„Financial Bridges Award for Best Islamic Finance Organisation“ in 2007

Islamic Business & Finance (Dubai)

„Best Takaful Operator“

2007 Islamic Finance *news* Annual Poll (Malaysia)

“Best Islamic White Label Provider”

Islamic Finance news
Awards
Poll 2007

FWU Group Service Providers

Lead Bank

Independent Rating Agency

Custodian Bank

RBC DEXIA
INVESTOR SERVICES

Legal counsel

Linklaters

Auditors

Trade Associations

Rating Result

Evaluation of Financial Standing

Based on the analysed documents and information the

FWU group

is receiving from us dated September 19, 2007 the following rating

BBB+

Rating Result

Evaluation of Financial Standing

Deutsche Bank AG, Global Banking, Client Analytics has carried out a comprehensive rating analysis for the

FWU group.

On the 6-level-rating-scale of the Initiative Finanzstandort Deutschland (IFD) the rating result as of September 19th, 2007 is

Rating Level 1.

(corporation with very good until good financial standing)

Profile of Financial Standing

failed | critical | just sufficient | sufficient | just satisfactory | satisfactory | good | very good

Market Positioning/ Competition

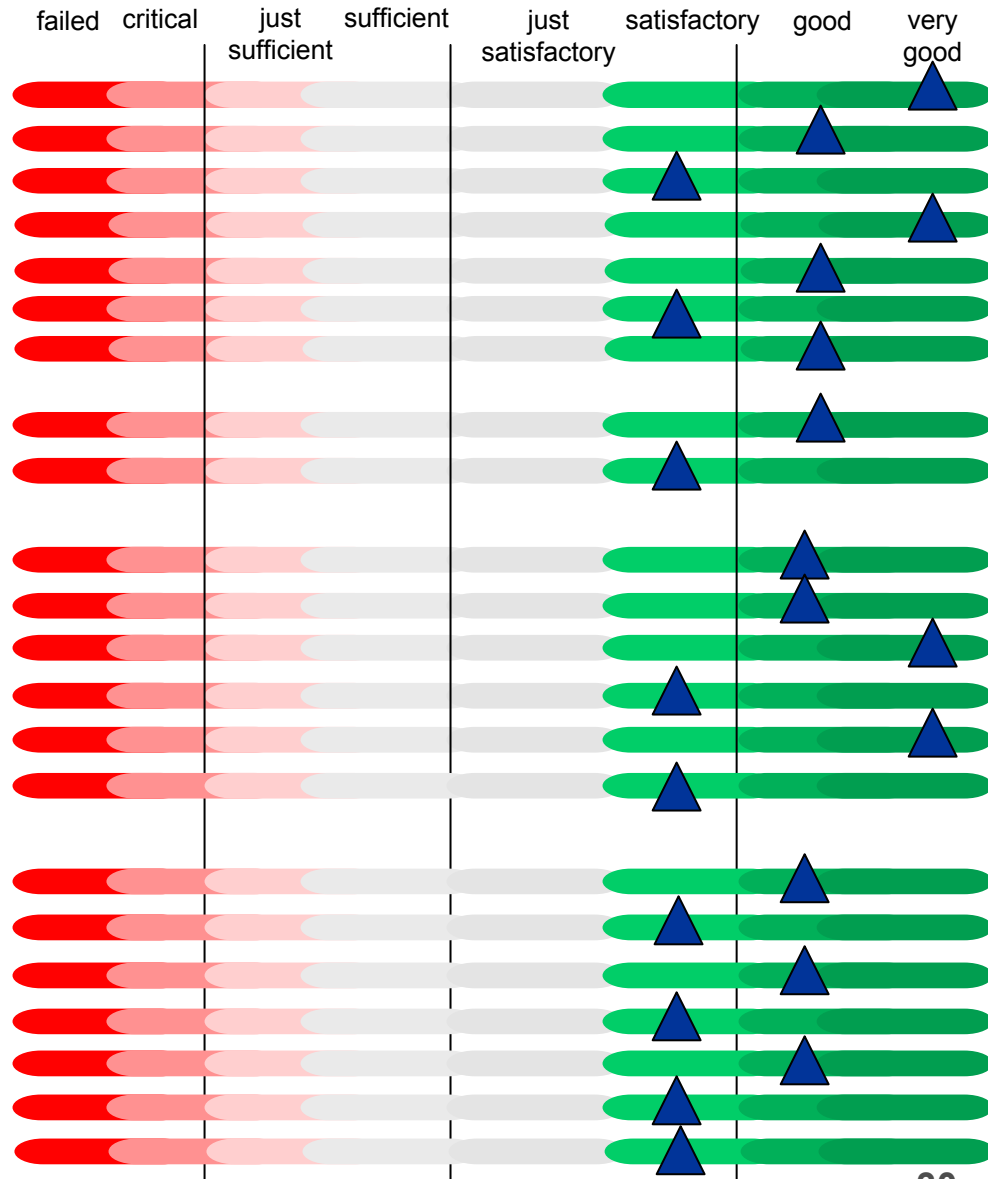
1. Quality of product spectrum
2. Competitive Position
3. Influence on relevant market
4. Sales power
5. Dependence on distribution channels
6. Mid-/long term market perspectives
7. Flexibility/adjustment to future market requirements
8. Technical structure/regional positioning
9. Other risk factors

Corporate Strategy Management

11. Long term corporate concept
12. Management organisation/-structure
13. Level of competence-/leadership
14. Successor arrangements
15. Turnover of key personnel
16. Quality of planning and accounting system

Financials

17. Sales development

- Operative profit/performance
- Capital efficiency
- Equity structure
- Liquidity-/Financial structure
- Ability to repay debt
- Development since last business report and business perspectives

Successful Partner Philosophy

BMW Golfsport
Partnership
Proposal FWU

BMW
Sports Marketing
March 2008
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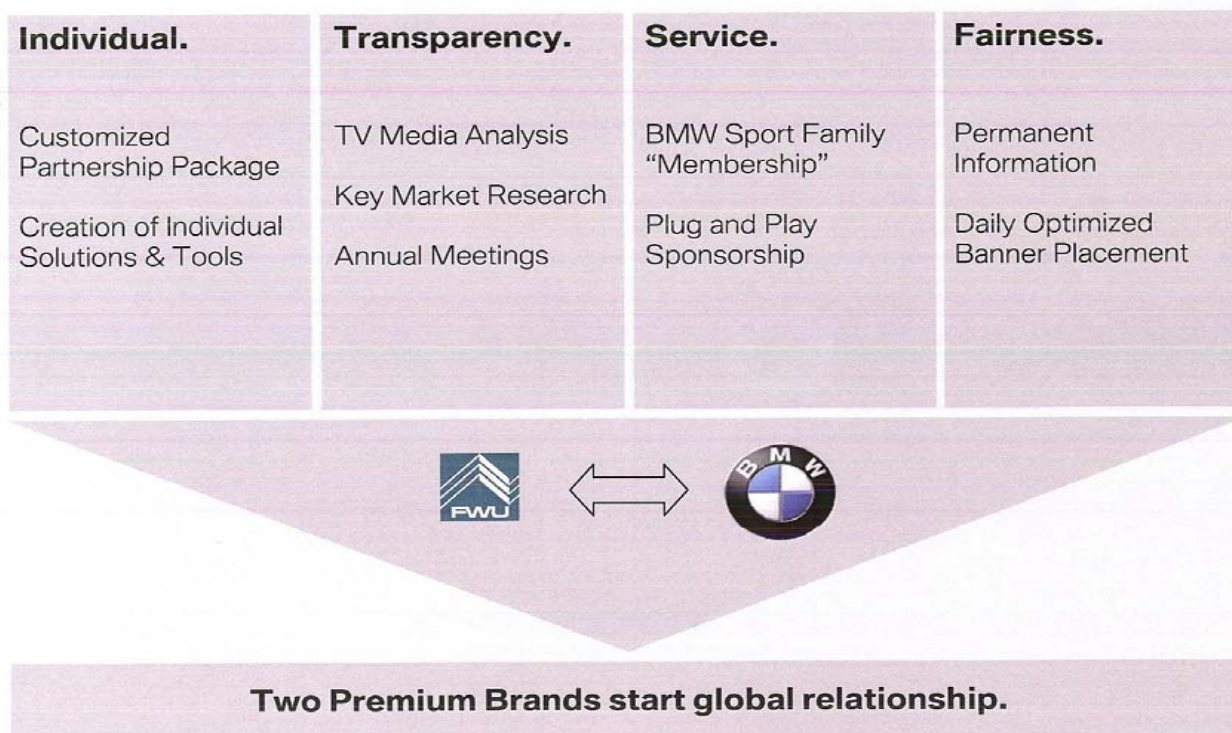
BMW International Open 2008.
Partner Philosophy.

Individual.	Transparency.	Service.	Fairness.
Customized Partnership Package	TV Media Analysis	BMW Sport Family "Membership"	Permanent Information
Creation of Individual Solutions & Tools	Key Market Research	Plug and Play Sponsorship	Daily Optimized Banner Placement
	Annual Meetings		

Two Premium Brands start global relationship.

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